

CHRISTOPHER S. BOND
MISSOURI

COMMITTEES:
APPROPRIATIONS
SMALL BUSINESS
BUDGET
ENVIRONMENT AND
PUBLIC WORKS

United States Senate

WASHINGTON, DC 20510-2503

EX-100-100-100

July 14, 1997

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AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Hon. Reed Hundt
Chairman
Federal Communications Commission
1919 M Street NW
Washington DC 20036

Dear Chairman Hundt:

As the Commission pursues its commitment to spectrum license auctions, I believe the Commission should strengthen its commitment to ensuring that small business people and entrepreneurs continue to have a seat at the auction table with a realistic opportunity to win the use of spectrum. I believe such a policy is essential to the strength and growth of the entrepreneurial sector of the telecommunications industry. New small telecommunications businesses must have access to spectrum if they are to create new products, inspire competition and employ Americans.

The Commission displayed such a commitment by creating both the C & F blocks when conducting the Personal Communications System (PCS) auction. Several factors, including delays in proceeding to the auctions, have contributed to the inability of license holders to meet the payment schedule that is a condition of each successful bid. Without a resolution of this situation, several license holders will be faced with default, licenses may be tied-up in bankruptcy proceedings and any further auctions and reissuance of these licenses may yield a diminished return.

Given this scenario and the benefit to be derived from entrepreneurial presence in the PCS market, I encourage the FCC to continue to meet with industry representatives, including license holders, to address this situation. I recommend that the Commission hear and consider industry proposals to alter the payment schedule and ensure that the full price of the licenses is realized by the federal treasury and that the PCS industry has a healthy infusion of entrepreneurs constructing networks and offering competitive services. The industry will benefit from a solution that is fair to current license holders who are satisfying their commitments, that will enable small businesses and entrepreneurs to construct networks, market their services and satisfy their commitment to the FCC.

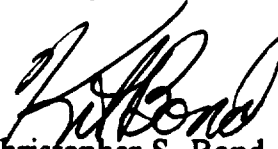
Additionally, any solution reached at the Commission should protect the integrity of the auction rules, specifically with regards to the ownership and attrition rules for small business and entrepreneurs. The Commission must make assurances that the

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ownership and attrition rules remain unchanged and not permit larger companies to purchase spectrum reserved for small businesses and entrepreneurs. The future of the industry is very promising, I am certain there are many businesses that meet the specifications and are anxious and financially capable of competing under the guidelines established by the Commission.

I appreciate your attention in this matter. Please keep my advised as to the progress of the Commission's efforts.

Sincerely,



Christopher S. Bond

THOMAS M. DAVIS
11TH DISTRICT, VIRGINIA

COMMITTEE ON
GOVERNMENT REFORM AND OVERSIGHT
CHAIRMAN,
SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
INFORMATION AND TECHNOLOGY
COMMITTEE ON TRANSPORTATION
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COMMITTEE ON SCIENCE
SUBCOMMITTEE ON TECHNOLOGY
SUBCOMMITTEE ON SPACE AND AERONAUTICS

WT 97-82

Congress of the United States
House of Representatives
Washington, DC 20515-4611

EX-100-100-100-100
July 30, 1997

224 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-1492

DISTRICT OFFICES:
7018 EVERGREEN COURT
ANNANDALE, VA 22003
(703) 918-9610

730 ELDEN STREET, SECOND FLOOR
HERNDON, VA 20170
(703) 437-1726

13554 MINNEVILLE ROAD
WOODBIDGE, VA 22192
(703) 590-4599

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

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AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Chairman Hundt:

It is my understanding that the FCC is currently considering a number of restructuring plans for PCS licenses in the C- and F-block. While I understand the difficulty in making these decisions, I respectfully urge that you act quickly and implement a plan which defers payments in the early years of the repayment schedule. Such action will promote increased investment in infrastructure, create a substantial number of new jobs, and foster increased competition in the telecommunications marketplace.

The Telecommunications Act of 1996 and the 1993 spectrum auction legislation required the FCC to provide additional opportunities for small businesses to compete in the telecommunications marketplace. Thus far, the Commission has done an outstanding job providing new entrants with the opportunity to compete. However, within the wireless industry, such competition has been slower to materialize. Restructuring the F- and C-block will ensure that consumers are not denied the significant benefits of competition that Congress originally envisioned.

I believe the Commission should act quickly to defer payments on C-block licenses in the early years of the repayment term. This action will ensure that buildout continues unabated, thus reducing the amount of time for companies to generate cash flows to repay the government the principle and interest payments pledged. This action will also ensure that the public is not denied the significant benefit that wireless competition will deliver in the form of new investment and job creation.

Thank you for your consideration of this important matter.

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Sincerely,

Tom Davis

Tom Davis
Member of Congress

RICK BOUCHER
5TH DISTRICT, VIRGINIA

COMMITTEES:

COMMERCE
SUBCOMMITTEES:

TELECOMMUNICATIONS, TRADE AND
CONSUMER PROTECTION
ENERGY AND POWER

JUDICIARY
SUBCOMMITTEE:

COURTS AND INTELLECTUAL PROPERTY

ASSISTANT WHIP

EXHIBITION, VIRGINIA



WT 97-82

WASHINGTON OFFICE:
2339 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4000
(202) 225-6001
e-mail: NINTHNET@MAIL.HOUSE.GOV
WWW: http://www.house.gov/ninthnet

CONSTITUENT SERVICE OFFICES:

180 EAST MAIN STREET
ARLINGTON, VIRGINIA 22219
(540) 638-1148

311 SHAWNEE AVENUE EAST
BIG STONE GAP, VIRGINIA 24218
(540) 932-9400

106 NORTH WASHINGTON AVENUE
P.O. BOX 1200
PULASKI, VIRGINIA 24601
(540) 886-4310

Congress of the United States House of Representatives

July 25, 1997

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

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AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Reed:

As the Commission considers repayment plans for C-block personal communications service (PCS) companies, I urge you to adopt a plan which defers payments in the early years of the repayment schedule. I believe that this action would serve the Commission's long term goal of encouraging the development of a vibrant, competitive marketplace for advanced wireless services.

Both the spectrum auction provisions in the Omnibus Budget Reconciliation Act of 1993 and the Telecommunications Act of 1996 seek to promote greater competition in the wireless marketplace. Through its implementing decisions, the Commission has made significant progress in enabling entrepreneurs and small businesses to participate in this new competition. Such entry should lead to key public interest benefits, including the delivery to consumers of a broader array of advanced wireless services at competitive rates as well as new job creation in the economy.

I understand that, unfortunately, current weaknesses in the capital markets for C-block PCS licensees threaten to stifle critical network build out activities as these entities simultaneously concentrate on their repayment schedules for the auctioned spectrum. To rectify this situation, I urge the Commission to act quickly to defer payments on C-block licenses in the early years of the repayment term. Grant of this timing relief would encourage increased investment in C-block companies, thereby enabling them to continue unabated the network build out activities required to launch service and generate cash flows to cover the full principal and interest payments originally pledged in the auctions. In turn, this action would ensure that the public

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Letter to Reed E. Hundt
July 25, 1997
page 2

receives the significant benefits that additional wireless competition promises, including greater innovation, choice, and economic growth.

Thank you for your consideration of my views. With kind personal regards and best wishes, I remain

Sincerely,

A handwritten signature in black ink, appearing to read "R. Boucher", written over the word "Sincerely,".

Rick Boucher
Member of Congress

RB/apm

United States Senate

WASHINGTON, DC 20510

August 7, 1997

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AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt:

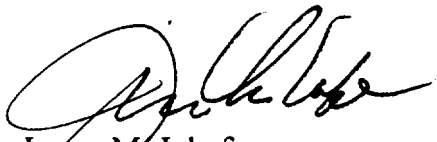
We have recently met with C block Broadband Personal Communications Services (PCS) licensees which hold licenses in largely rural markets in our states. It is our concern that the debt and equity markets are reluctant to invest in companies holding these licenses, regardless of spectrum price or the companies' business plan.

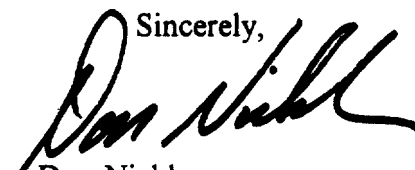
Many C block licensees are prepared to offer state-of-the-art wireless services in markets that have been neglected by larger participants -- rural America. Our concern is unless the issue of financing and restructuring of the debt is addressed, the attempts of the 1993 spectrum law and the 1996 telecommunications reform to provide new services to rural America may fail.


The C block auction was unprecedented and has been largely successful. However, debt restructuring of the PCS licensees may be necessary to address the concerns that have been raised by the interested parties. These licensees should be accorded the necessary time to have access to capital markets before government payments are due in order to foster the development of meaningful competition in rural America. It is not our intention to interfere in the Commission's established licensing process. We request that the FCC continue to work with the C block licensees to address this emerging problem.

We look forward to hearing your views on this matter.

Sincerely,

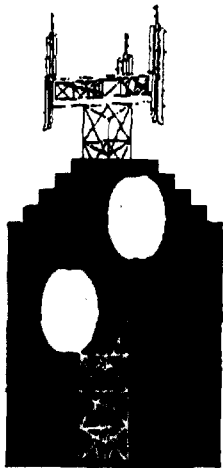

James M. Inhofe
United States Senator


Don Nickles
United States Senator


Conrad Burns
United States Senator

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WT97-82



SPECIALTY
CONSTRUCTORS,
INC.

EX-100-10000

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July 8, 1997

AUG 18 1997

Via Facsimile (202)418-2801 and
Regular Mail

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

POCKET FILE COPY ORIGINAL

Mr. Reed E. Hundt, Chairman
Federal Communications Commission
1919 M Street NW, Room 814
Washington, D.C. 20554

Re: C and F Block Financing Restructure

Dear Mr. Chairman:

As president of Specialty Constructors, Inc., a wireless telecommunications infrastructure builder throughout the United States, I feel it my responsibility as a taxpayer and as an entrepreneur to request the Federal Communications Commission ("FCC") to immediately restructure the present debt structure of the C and F Block license holders. My reasons are:

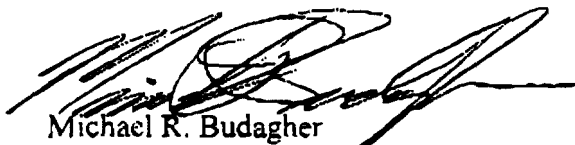
1. The spirit of the Telecommunications Act of 1996 was to promote competition and reduce regulation and to lower pricing/enhance services to the consumer for wireless communications. Without long-term relief, these license holders will not survive and may tie up the very reason the Act was created in future litigation and other possible remedies.
2. The financing markets, both debt and equity markets, have spent a great deal of time and money with these license holders, but have declined to participate due to the extensive debt service requirements of the license obligation as well as the significant costs to build-out the systems. The Pocket Communications, Inc. filing for Federal Chapter 11 Bankruptcy Protection brought the financing community's interest to an immediate halt.
3. The majority of the license holders have met their initial deposit and scheduled payment obligations, which shows good faith to the FCC. However, to meet the need of providing low cost and enhanced services to the consumer, relief (not reduction) is necessary immediately.

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List ABCDE

Mr. Reed E. Hundt, Chairman
Federal Communications Commission
July 8, 1997
Page Two

We believe the FCC should strive for meeting the spirit of the Telecommunications Act and allow for immediate restructure of the present financing structure of the license obligations. Should you have any questions, please contact me at (505)281-2197 Ext. 101.

Sincerely,
Specialty Constructors, Inc.



Michael R. Budagher
Chief Executive Officer

c:\winword\FCC Letter

WT 97-82

WJB



July 25, 1997

EX-100-111-1111

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Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, N.W.
Room 814
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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FEDERAL COMMUNICATIONS
COMMISSION
WASHINGTON

Re: Support for FCC Plans to Restructure C and F Block Debt

Dear Chairman Hundt:

Our firm is one of the largest cellular resellers in the United States. We bring competition to the marketplace and serve our customers by offering a choice of carriers, services and rate plans. With the introduction of PCS, we will enhance our value to consumers by expanding our wireless offerings even further.

In order for PCS to realize its full beneficial potential, it is critical that there be real competition in the marketplace. The C and F block licensees will be indispensable to attaining a truly competitive marketplace.

We strongly advocate debt restructuring to allow these licensees quickly to build out their systems, enter the market and start benefiting consumers. Delay of a liberal debt restructuring solution would be a mistake and would hurt competition and the general public.

We strongly urge you to take swift, decisive action to limit entrepreneurs' payments to the government during the early years of system buildout. This solution will encourage competition and thus enhance public benefit.

Thank you for your consideration.

Sincerely,

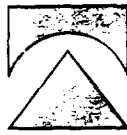
A handwritten signature in dark ink, appearing to read "S. Cogswell", is written over the typed name.

Steven L. Cogswell
President/C.O.O.

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cc: FCC Commissioners; Congressional Committees

WT 97-82



TRIUMPH CAPITAL

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX-173-20-100-113

August 7, 1997

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M. Street, N.W., 8th Floor
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Dear Chairman Hundt:

It is my understanding that the Federal Communications Commission is considering an "amnesty and expedited reauction" as its preferred solution to the C block financing issue. I am Chairman of Triumph Capital Group, which has a substantial interest in the C block via its investment in NextWave Telecom. Triumph Capital invested approximately \$31 million in the C block from investment funds which we manage; over 90% of these funds are for the benefit of state, country and municipal employees and pensioners, including the California Public Employees Retirement System (CalPERS).

Should the Commission pursue the amnesty and expedited reauction approach, I wish to emphasize two points:

1. The reauction must take place as swiftly as possible, within the next four to six months. Investors in the C block have waited first while the auction itself was delayed via a series of court maneuvers and then during a protracted review before the licenses were actually granted; finally, we have experienced an unprecedented implosion of the spectrum and capital markets for new entrants. Rapid reauction is the only means to a reasonably speedy (albeit delayed) introduction of competitive service for American consumers, while also enabling private investors to earn some ultimate return on their investment.
2. The Commission must fully refund downpayments or, at a minimum, fully credit the downpayments in a subsequent C block reauction (and as a prepayment credit against F block debt). Investors in the C block committed to the national policy of competition and promotion of small and entrepreneurial business. Punitive measures are absolutely counter-productive to the Commission's goals of encouraging investment in future auctions and in competitive telecommunications ventures in general. Amnesty should be just that!

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The Honorable Reed E. Hunt

Page 2

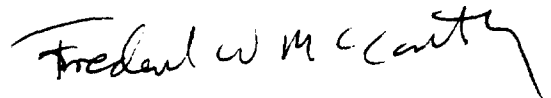
August 7, 1997

Investors in the C block have already suffered a great deal. First, we have lost the time value of our money. Had we merely invested in the S&P index, our investment would have increased more than 50 percent to date. We stand to lose further, i.e. the time value of these funds as they sit in the U.S. Treasury accounts awaiting reauction. Moreover, a substantial part of the investment funds committed by Triumph and its pension investors are put in total risk because they were dedicated to network buildout; NextWave has spent over \$75 million in building out eleven markets across the country to provide service to consumers as soon as possible. All of this investment will be completely at risk in a reauction where licenses (including those for the eleven partially built markets) must be returned first.

Finally, the Commission's disinclination to continue to serve as both a regulatory agency and as a banker appears to be the major reason for a reauction. This administrative step of an expedited reauction is being considered because of the Commission's experiencing the tension that naturally exists between its roles as a regulatory agency and as a banker. As you know the Commission's rules permit the Commission to restructure C block debt (a course of action which would be my personal first choice, given sufficient interest deferral or waiver). Should the Commission not enter into the comprehensive restructure warranted here due to its reluctance to continue as a banker, investors such as Triumph Capital and its public pension fund beneficiaries should not be penalized.

Thank you very much for the seriousness with which you and the Commission are addressing this issue and for taking the time to consider my point of view.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frederick W. McCarthy", with a stylized flourish at the end.

Frederick W. McCarthy
Chairman

FWM:slg

cc: Commissioner James H. Quello
Commissioner Rachelle B. Chong
Commissioner Susan Ness
Mr. Daniel Phythyon
Mr. John Garcia
Task Force Members

WILLKIE FARR & GALLAGHER

Washington, DC
New York

EX-111-111-111

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Paris

AUG 18 1997

August 11, 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DOCKET FILE COPY ORIGINAL

Honorable Reed Hundt
Chairman
Federal Communications Commission
Washington, D.C. 20554

Re: WT Docket No. 97-82

Dear Chairman Hundt:

During the course of a telephone conference with Anthony Chase and Richard McDugald of Chase Telecommunications, Inc., Jon Garcia of the Commission's Office of Plans and Policy raised two possible approaches to adjusting C block licensee installment payment obligations. The purpose of this letter is to indicate that ChaseTel finds both possibilities helpful. It believes that both meet the criteria relevant to the circumstances: fairness to consumers, taxpayers, and licensees; credibility in terms of the Commission's processes; and promotion of competition sooner rather than later. However, ChaseTel believes that the first of the alternatives is generally preferable to the second because it is less complicated and thus more readily administered.

As ChaseTel understands the first alternative, it would permit licensees to return 10 MHz of the 30 MHz they obtained in the C block auction. Licensees would be permitted to do this on a market-by-market basis. Licensees doing so would forfeit one-third of the deposit attributable to the particular market and would have one-third of their outstanding debt to the Commission canceled. Licensees would not be allowed to bid for spectrum which they returned, nor would they be allowed to acquire spectrum which they returned in a secondary market transaction for some time--perhaps one year--following its reauction.

ChaseTel regards this first option as potentially very helpful. It believes that the Commission also should consider permitting licensees to return 20 MHz in return for commensurate deposit forfeitures and debt forgiveness. It also believes that permitting licensees to participate

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Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20036-3384
202 328 8000

Telex: RCA 229800
WU 89-2762
Fax: 202 887 8979

Honorable Reed Hundt
August 11, 1997
Page 2

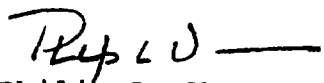
in the reauction bidding of spectrum they have returned would be appropriate and consistent with the Commission's policy interests in the C block.

As ChaseTel understands the second alternative, which Mr. Garcia indicated had been suggested by General Wireless, Inc., licensees would be permitted to return all of their licenses in return for complete debt forgiveness. The licensees would be extended a bidding or "store credit" of some fraction of their deposit to be used in a reauction of spectrum to designated entities. Should a licensee not use its store credit in the reauction, it would receive an amount equal to some fraction of the deposit as a breakup fee. In addition, licensees returning spectrum would be subject to penalty payments calculated as a fraction of the difference between the original bid and the reauction bid. This penalty payment would be due five years after the reauction.

The exact fractional amounts available as bidding credits, breakup fees, and potential penalties are highly material. In particular, ChaseTel believes that the level of the "store credit" will be important in terms of preserving the viability of C block licensees and permitting them to secure additional funding for a reauction. Nevertheless, the company believes that this option also would enable many of the Commission's original objectives in establishing the C block licensing procedures to be met. The option has certain evident limitations in terms of delays in the provision of service using C block spectrum and is relatively complicated, but overall it appears to be a useful and workable approach to the challenges the C block licensees confront.

ChaseTel appreciates the effort that you and the other commissioners, Ms. Chorney, Mr. Garcia, Mr. Phythyon, and other members of the Commission staff have devoted to the C block issues. Mr. Chase would be very happy to elaborate upon these views if you would find it helpful.

Sincerely


Philip L. Verveer

cc: Jackie Chorney
William Caton
Jon Garcia
Daniel Phythyon

ACCEL PARTNERS

PRINCETON SAN FRANCISCO

EXHIBIT A

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AUG 18 1997

POCKET FILE COPY OF ORG. August 6, 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Commissioner Susan Ness
Federal Communication Commission
1919 M Street, N.W.
Room 832
Washington, DC 20554

Dear Commissioner Ness:

I appreciated the opportunity to meet with you and David Siddall in the company of Roger Linquist and Jay Birnbaum. Several points which were raised in our meeting I wanted to address more clearly to you in writing as follows:

"The integrity of the auction rules must be maintained." "Fair is Fair." The FCC is a policy development and implementation institution. Unlike Christies, the FCC's auction rules are just a technique to achieve a policy goal. FCC rules have always been changed to implement basic policy objectives when the initial rules yielded unintended results. The FCC faced a difficult challenge following Congress's mandate to raise revenues by using auctions to allocate new frequency while at the same time fostering competition from new entrants without the resources of established carriers. The FCC's experimental delayed payment mechanism rules were a creative solution designed to allow small businesses to enter and compete despite the upfront high capital costs "purchasing" licenses entailed. Since these payment rules to date have greatly constrained any new competitors from operating in markets representing over 80% of the total population, these rules clearly need to be adjusted if the FCC's basic policy is still to introduce entrepreneurial competitors with new business models.

"Fairness for small DE's constructing and following the rules to the letter": It is important to be fair to the small DE's who have not been dependent on public financing. The ones I am aware of in this category have avoided this dependency by sticking to small markets and acting as "fill-in franchisees" to the majors on whose credit they generally rely. The uncertainties of C-Block license values have certainly damaged these DEs too. However, this uncertainty has come not from FCC inaction but from the collapse of prices in the D, E and F auctions and the prospect of years of bankruptcies and re-auctions. A single re-auction will reduce the uncertainty. If the capital of the existing DE's is removed from this re-auction (to penalize high bidding) then not only will prices be still lower but a single re-auction will not be possible because many of the existing DEs will be in bankruptcy.

"DEs must be punished in any restructuring or re-auction." Public and private investors currently view the existing DEs as already severely punished by their several years of operating losses, late market entry costs, years of work, and lost opportunity costs on the capital. However, overemphasis on rules and punishment loses sight of the reasons the rules that created the DEs were drawn-up in the first place. To implement its policy of competition, the FCC attracted entrepreneurs to buy licenses through the experimental inducement of a payment mechanism which allowed the licenses to be paid for out of the

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future cash flow of the business. (Previously, this policy was implemented by simply granting free licenses to new entrants). The DE program was tremendously successful for the FCC in winnowing the license owners to those most capable of the arduous process of raising capital by developing and defending innovative business plans designed to compete with the 4 to 6 large, well financed companies already operating in the local markets. The C-Block auction mechanism (including eligibility and bidding rules) caused the winning bids to be tightly tied to the then "comparable" market pricing of public PCS companies - most notably Omnipoint, which (although also able to qualify as a DE under the rules) had already raised substantial capital based on its Pioneer Preference license for New York City. The investment bankers advising the major new DEs all advised that this was the benchmark against which they could raise IPO equity. Unfortunately, whether by intention or not, the C-Block mechanism forced the DEs to assume the market risk of a protracted delay during which shifts in public market sentiment toward DEs and PCS could occur. Since no independent DE competitors have been able to finance in the public debt and equity markets, it seems reasonable to conclude that the architecture of the FCC's C-Block program itself had elements which have frustrated the pro competition policy objective. The failure of some market participants is essential to demonstrate a market discipline is operable. However, if the rules yield no independent DE competitors, surely the rules themselves need adjustment to achieve the policy objective. Did the FCC itself appreciate the market risk its rules and delays were causing the DEs to assume? Was this the intention of the rules or a perverse result?

"DEs should have had their financing in place before bidding." The established practice for financing wireless networks has been to rely on significant vendor financing and high yield debt on top of some equity. In the case of General Wireless this was \$300 million in supplier credit, \$220 million in high yield debt, and \$165 million in public equity on top of the \$115 million in private debt and equity raised prior to the auction. This plan did not change materially from July of 1995 when General Wireless initially engaged Bear Stearns (the leading banker in PCS financing) to February, 1997 when the company intended to update its IPO filing after license grant on January 27, 1997. The reality of wireless systems is you must invest an enormous amount of capital upfront, building out the network before you are in business. Only the public markets in the United States are a well established alternative for raising equity in the amounts needed for such a competitive business. Since the DEs could only raise IPO money after they had a certainty of a license grant (e.g. Omnipoint - NYC) then by definition no financing could be in place prior to the auction. Investment bankers advised on what they could do but all promises by the bankers had to be contingent on a public market.

Omnipoint, although technically a DE, is not representative of the FCC's DE program. During the early stages of the auction, Omnipoint raised public money based on the hugely valuable NYC license and had tied up large amounts of both vendor credit and high yield debt. This head start over the other DEs is hard to describe as fair. Today the gap is far greater as Omnipoint has licenses for about 98 million PCS pops and greatly increased financial resources. Because of Omnipoint's head start it can afford to pay higher prices in a new C-Block re-auction than other C-Block DEs, since it does not face the hurdle of the IPO process and it simply has far more cash resources. Indeed, to date Omnipoint is the major beneficiary of the whole DE mechanism.

One fact which Omnipoint's current financial success demonstrates is that the prices paid by Omnipoint in the C-Block auction have not been a major deterrent. Indeed, in the published reports on Omnipoint analysts never negatively mention the C-Block license costs (e.g. Philadelphia at \$54/pop). This goes a long way to demonstrating that investors do believe that the licensed properties will generate enough revenue and profits to service the debt of these licenses despite the price. This fact and the success of DEs in arranging vendor financing - subject to the IPO equity and high yield debt financing - strongly argues that the obstacle of the "high license price bids" related entirely to the market risk of the IPO comparables to other PCS companies (i.e. Omnipoint), and not to doubts about the businesses' ability to ultimately repay the debt out of operations. (Cook Inlet with its cash reserves and affiliation with Western Wireless is also a unique case).

"Can Entrepreneurial new companies really make a Difference to PCS/ Cellular?": Entrepreneurs seldom take over an industry, and there is certainly not that possibility in the wireless industry. However, their effect on the overall behavior and efficiency of whole industries has been profound. This catalytic role is achieved because these businesses innovate in their business model. They identify and exploit the inefficiencies of the established player with a new specialized business model which focuses on exploiting the inefficiencies. The large companies gradually react and consumers get better services and products for less. Roger Linquist, General Wireless's CEO, caused the entire paging industry to adjust many of its business practices through his successful development of PageMart. Similarly, General Wireless has a radically different competitive business model for the cellular/ PCS market based on what Roger learned from being President of PacTel Personal Communication (Air Touch) prior to starting PageMart in 1989 with Accel Partners. Many DEs will fail and many less sophisticated ones will become "franchisees" to the larger players rather than introduce new competitive business models. However, other DEs, if allowed to start, will succeed against the established players despite their apparent overwhelming disadvantages by introducing new competitive business models which will stimulate the evolution of the industry over time.

The FCC Self Interest: Since introduction of DE competition remains a core policy objective of the FCC, the successful launching independent DEs continues to be in the FCC's self interest. The initial set of rules, of course, failed to anticipate fully all the circumstances created by their novel approach. In particular, I doubt the FCC fully recognized the amount of market risk the long license approval process would impose on the very DEs the FCC sought to encourage. However, entrepreneurs capable of raising \$1 Billion in deposits were successfully attracted to the program. This was quite an accomplishment given the competitors they face in their BTA's. Why begin again with a completely new set of entrepreneurs after these DEs have proven themselves through 4 years of competition to be especially capable and tenacious? Adding more competitors, rather than subtracting them at this time seems in the FCC's interest.

Thank you again for your consideration and hearing us out.

Sincerely,



Arthur C. Patterson
Managing Partner

ACP/jvm
Enclosures

cc: Blair Levin
David Siddall

ACCEL PARTNERS

PRINCETON SAN FRANCISCO

July 31, 1997

The Chairman Reed E. Hundt
Federal Communication Commission
1919 M Street, N.W.
Room 814
Washington, DC 20554

Dear Chairman Hundt:

After meeting with you, my partner, Jim Breyer, wrote you in June (letter attached) about the PCS C-Block situation and Accel Partners. The purpose of this letter is to comment further on the potential re-auction or restructuring ideas.

The established cellular/PCS carriers have taken the position that the C-Block DEs "must be punished to reflect their irresponsible bidding practices and to maintain the integrity of the auction process". We believe this view is both wrong and counter to the FCC's public policy for the following reasons.

First, the winning DEs bid completely responsibly under the market circumstances which existed at the end of the C-Block Auction. At that time all the major DEs were being closely advised by leading investment bankers that IPO financing could be obtained in the near-term based on the then price of comparable companies, especially Omnipoint. In many cases these were the same bankers raising funds for the established A and B Block and Pioneer preference carriers.

Second, the FCC's structure of DE payments—i.e. no principal repayment for seven years—was a completely new approach. By delaying these payments until the new business itself could repay the government, the FCC achieved its dual objectives of allowing new entrepreneurial competitors to enter the markets while achieving a high price for the government. This was a totally different structure from the A and B Blocks and financially paralleled the license payment approach of the Canadians who taxed future revenue. For General Wireless, who paid an average of \$59.00 per 1990 POP, our financial models showed that by year 2005 we would be paying only \$.0003 per minute to service the government debt interest. Based on current \$.40 per minute in major markets, this represents only 0.08 % of revenue. Based on our expectation of \$.07 in ten years, this is only 0.4 % of revenue.

Third, all the evidence is that the C-Block DEs have proven to be exactly the exceptionally committed pioneers whom the FCC had intended to attract to support its objectives of introducing competition and innovation into the cellular/PCS industry. The C Block license only gives the new business the opportunity to compete against four or five of the world's largest and best financed companies. This is not a restrictive license like television stations, cable, or the cellular licenses. Value will only be created in the future based on competitive success through innovation against the huge competitors. (Most observers still doubt they can be successful). The C Block Auction (and the 18-month money-raising process before the Auction) competitively winnowed the field to the most aggressive committed managers and investors. Why is it in the public interest for the FCC to now turn around and discourage such pioneers?

Fourth, the winning DEs have already suffered significant financial damage from their bad luck on market timing. The company managers have no return to show for their two-to-five years of effort during their peak productivity years. The investors have seen a significant per cent of their capital already consumed by company operations and have had their high return risk capital locked up for two or more years with no return. Similarly, the further delays in market entry have only raised the barriers to new entrants and lowered the potential returns.

Fifth, the competitors of the independent DEs in a future re-auction have used this intervening period of time to accumulate tremendous capital resources. These "hybrid" public DEs (i.e. Western Wireless, Omnipoint, Ariel and Intercel) all raised capital at high prices based on their existing A, B or pioneer preference licenses before the wireless market collapse and have since attracted huge credit lines based on their now on-going operations. Furthermore, during this period these hybrid DEs have used their resources to acquire substantial additional Spectrum positions at low prices in the D, E and F auctions. Therefore, not only have the pure DEs (e.g. General Wireless, Nextwave, Pocket) become financially further weakened during the post auction period but their future re-auction competitors have become much more able to outbid them. Why further penalize the independent DEs?

With respect to the FCC's tactical choices of re-auction versus restructure as procedural adjustments to achieve the FCC's original C Block policy objectives, I would offer the following considerations. First, while an argument can be made that a re-auction would be more fair to the "losing pure DE bidders" who could now try again, in practice, the circumstances of these "dropouts" would be no different, relative to the winners today and there is no evidence that the end result would be any different. Second, the "hybrid" DE competitors (e.g. Cook Inlet/ Western Wireless, Omnipoint) have been enormously strengthened during the intervening period relative to the independent DEs and "fairness" would suggest restricting them. Third, the American taxpayer is largely neutral from a fairness perspective to either alternative since the D, E and F Block pricing is below the proposed restructuring. Indeed, without the existing "winning" pure DE's participation and down-payment money in a re-auction, the prices per POP would likely be even lower than the D, E and F blocks.

In summary, we believe continued support of existing independent DEs is consistent with the FCC public policy objectives. These DEs have continued to act in good faith as the pioneers in the FCC plan to introduce competition and entrepreneurial innovation in the wireless market. On a personal note, I can attest that competition is needed in the San Francisco BTA as PacBell approximately doubled my PCS air time prices (back to \$.35 per minute) as soon as their introductory launch period ended this June.

Sincerely,



Arthur C. Patterson
Managing Partner

ACP/jvm
Enclosure

ACCEL PARTNERS

PRINCETON SAN FRANCISCO

May 7, 1997

The Chairman Reed E. Hundt
Federal Communication Commission
1919 M Street, N.W.
Room 814
Washington, DC 20554

Dear Chairman Hundt:

I enjoyed our discussion at Esther Dyson's Conference. While we discussed mostly our education company, The Lightspan Partnership, I wanted to follow up on your invitation to express our ideas on the C Block PCS problem. As you may recall, we are the lead investor in General Wireless, which holds the licenses for 20 million POPs in San Francisco, Sacramento, Atlanta and Miami, and has paid the FCC about \$105 million to date. Accel is also a lead investor of PageMart, who successfully bid about \$170 million for a nationwide Narrow Band PCS license. As a result of these experiences, Accel is acutely familiar with the practical effects of the FCC's auction rules.

By way of background, General Wireless is generally regarded as the "most financible" DE by virtue of its management team, licenses, Board and Lucent's \$300 million full build-out financing commitment. The Company's business plan is to gain market share through lower cost operation plus aggressive price leadership and new distribution in its markets (essentially our same winning formula at PageMart). Unfortunately, the Company's \$170 million IPO and \$220 million high yield offering in March had to be canceled by the bankers -- (Bear Stearns, Salomon, Lehman, J.P. Morgan and Dillon Read) because of the approximately 75% decline in "comparable" PCS stocks and resultant unfavorable "per POP value" comparisons.

Let me first say that Accel believes the FCC's plan for the C Block was highly successful in achieving both your stated objective: first, the creation of entrepreneurial new entrants to promote competition and second, get a good price for American taxpayers for their spectrum. Contrary to assertions of "frenzied bidding", the reason these dual (and potentially conflicting) goals were successfully accomplished was because the seven-year principal deferment allowed the DEs to pay 90% of the tax out of the future earnings of the DE. The C Block structure permitted a "leveraged buyout" by the DE. Those DEs who bid the highest prices were those with the "best" business plans, as measured by justifying the highest future tax on their income streams. The basic economics of the C Block structure, i.e. "payment out of future revenue", was really the same as Canada's where the spectrum is leased for a tax on future revenue. The A and B "one-time up front payment" structure was the opposite of both the Canadian and the C Block approach.

Both the auction structure and real competition are new experiments in the U.S. cellular/PCS industry and naturally there have been surprises for everyone. First, the shift to competition has unnerved investors and even large cellular companies' stocks have been relatively weak. The newly public PCS stocks have declined by up to 75% since the C Block auction. Second, to calculate the relative value of equity, the public equity market buyers have continued to use the traditional cellular "per POP value" formula and include the Government debt in their calculations despite its repayment out of future profits. The higher C Block prices and resultant debt levels (made possible by the repayment out of future revenue structures), have put the C Block equity values too far underwater to raise the equity needed to trigger the equipment financing and high yield debt.

One Palmer Square • Princeton, New Jersey 08542 • 609-683-4500 • FAX 609-683-0384
One Embarcadero Center • San Francisco, California 94111 • 415-989-5656 • FAX 415-989-5554

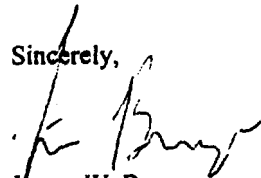
The management teams of a C Block DE who made downpayments include many exceptionally capable and tenacious entrepreneurs who have already competed against each other for almost three arduous years to raise their downpayment and operating capital. For example, to raise GWI's \$105 million downpayment, Roger Linquist, the CEO of General Wireless, personally presented his plans to well over 100 sophisticated institutional investors in the U.S., Europe, and the Far East. Many more investors turned down GWI's business plan outright without even a presentation, despite the strenuous efforts of our investment bankers, Bear Stearns. Accel has helped start over 100 companies and I can assure you that raising the downpayment for General Wireless was our most difficult undertaking, despite Roger Linquist's exceptional credentials as a successful entrepreneur who founded PageMart and previously was CEO of PacTel Personal Communications (now Air Touch). Investors' fear and uncertainty about competition in cellular remains tremendous. General Wireless convinced its investors that competition and digital technology's capacity will expand actual use by 50 fold, far offsetting the dramatic minute per price declines.

We believe the FCC can best achieve its objectives by helping the existing DEs obtain the capital needed to start operation. Re-starting the entire process would cause a multi-year delay, resulting in lower payments to the Treasury and it might be impossible to create entrepreneurial competitors. Traditionally, in response to changing external circumstances, the FCC has pursued its objectives by working with those license holders who have invested in their license values as long as those licensees were acting responsibly in the public interest. The FCC has already been given substantial advice by the investment banking community on what specific restructuring is needed to allow the DEs to start operations. It is critical such restructuring steps make clear to the market that the C Block DE structure was a "repayment out of future revenue" approach and that a relative "per POP valuation" calculation is not an automatic knockout.

My partner, Arthur Patterson, who is on the Boards of General Wireless and PageMart, or I would be pleased to discuss this subject further with you or the Commission's staff if you would find it useful.

Best regards.

Sincerely,



James W. Breyer
Managing Partner

JWB/jym

FRANK R. WOLF
10TH DISTRICT, VIRGINIA

WASHINGTON OFFICE:
241 CANNON BUILDING
WASHINGTON, DC 20515-4610
(202) 225-5136

CONSTITUENT SERVICES OFFICES:

13873 PARK CENTER ROAD
SUITE 130
HERNDON, VA 20171
(703) 709-5800
1-(800)-945-9653
(WITHIN VIRGINIA)

110 NORTH CAMERON STREET
WINCHESTER, VA 22601
(540) 667-0990
1-800-950-3463
(WITHIN VIRGINIA)

Ms. Judith L. Harris
Congressional Liaison, Director
Federal Communications Commission
1919 M Street, N.W.
Washington DC 20554

Dear Ms. Harris:

I have enclosed a letter I received from one of my constituents, Mr. Pete Jones, regarding a matter under your department's jurisdiction.

I would appreciate it if you would review the letter and address the issues which it discusses. It would be helpful if you would address your response to me, to the attention of: Wes Irvin.

Thank you for your time and courtesy in being attentive to the concerns of my constituent.

With kind regards,

Sincerely,

Frank R. Wolf
Member of Congress

FRW:jwi

WT 97-82

Congress of the United States
House of Representatives
Washington, DC 20515-4610

July 29, 1997

EX-100-100-100

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AUG 18 1997

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ADDR1: 3919 Bokel Drive
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CITY: Chantilly
STATE: Virginia
ZIP: 20151-3315
PHONE:
EMAIL: jonespet@usa.net
msg:

I recently read about the problems the FCC is having collecting payment from the winning bidders for wireless telephone services. Apparently the resolution is in the hands of the FCC, but if what the Washington Post listed as the possible resolutions are serious, then I believe Congress should step in and provide some guidance on the issue.

I believe that by subsidizing the companies that cannot pay their bills is not good for the development of this technology or the economy. I believe the FCC should resolve this matter in the matter in the best interest of the nation and the technology. From what I read, the best solution to this problem is to implement some flavor of the Post's third alternative:

... grant "amnesty" to license holders, allowing (or compelling them) to turn all or portions of their licenses, lose their down payments and face no further default penalties.

This is clearly the most cost-effective method of resolving the problem. Turning in frequencies that the companies have not yet used would keep us out of court and would free up the frequencies to those companies who can use them. Any other approach accomplishes nothing productive except for keeping the lawyers busy or subsidizing uncompetitive companies.

I would appreciate it if you could consider this matter and help influence the resolution in the way that best profits us, not the lawyers and unproductive companies.

Sincerely,

Pete Jones

CONNECTICUT

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SENATE OFFICE BUILDING
WASHINGTON, DC 20510
(202) 224-4041

STATE OFFICE:

ONE STATE STREET

14TH FLOOR

HARTFORD, CT 06103

203-240-3566

TOLL FREE: 1-800-225-5605

INTERNET ADDRESS:

SENATOR_LIEBERMAN@LIEBERMAN.SENATE.GOV

United States Senate

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DATE: 11/11/2010

July 10, 1997

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AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. Daniel Phythyon
Director
Office of Legislative and Intergovernmental
Affairs
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Dear Mr. Phythyon:

I have been contacted by one my constituents, Mr. Harvey Leong of Westport, regarding PCS auctions in the C and F bandwidth.

I would greatly appreciate it if you would look into the issue and provide me with any information you may have.

Thank you for your kind attention to this matter.

Sincerely,

Joseph I. Lieberman

JIL:bdr
Enclosure

No. of Copies rec'd
List ABCDE

Author: hleong@snet.net at internet-
Date: 6/26/97 2:47 PM
Priority: Normal
TO: senator lieberman at Lieberman-DC
Subject: Spectrum Auctions

----- Message Contents -----

Dear Senator Lieberman:

As a Connecticut resident who has struggled to win a PCS spectrum license, during the past three years. I think it is unfair and irresponsible for the FCC not to demand the required payments for licenses in the C and F bands. Please see my letter to Chairman Hundt and Vice President Gore on this matter. Thank you in advance for your consideration of this matter.

Harvey Leong, 16 Hermit Ln, Westport, CT

June 27, 1997

Mr. Reed Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, DC. 20554

Dear Mr. Hundt,

As a minority small business bidder in the PCS auctions for the C and DE&F Bands, I believe that I have the right to comment about companies not making their payments and requesting a lowering of their bid prices.

"A deal is a deal." We all played by the rules. The FCC should move rapidly to reclaim these licenses and re-auction them. Defaulting companies can pool their resources and maybe keep some of their licenses.

It is a mistake for the FCC to get be involved in any of the individual company financial situations. **PULL THE LICENSES FOR NON PAYMENT - NOW!**

Should the FCC even propose a reduction in the bid prices or changing of the terms, this will send a message about how to "play the government for a fool" in future auctions. Your slow handling of this matter, already shows a mis-handling of this matter. Without quick actions to pull the licenses, this matter will not be resolved for years to come and sour all further auctions. Not to mention that bidders like myself may want compensation for being

fooled by the auction process.

Also, many of the C Band winners are in no realistic sense small businesses. They are consortiums backed by large businesses -- many of them foreign. They believed that they could leverage their size in the marketplace. Why else would they have paid such high prices. Now that their business planning assumptions are not working out, they have the brass to ask the American public to finance their mistake. Moreover, it is a double slap to responsible bidders who have made the payments and are coping with the prices they paid.

You have made this a political issue. When it is only a matter of the rules. That is, if you don't meet your financial obligations for the license, it will be voided and re-bid. Do right for the American public and the businesses already building PCS systems. Re-bid the licenses as quickly as possible to other companies -- even if it means that prices will be substantially lower. Just as important, you must implement some sort of penalty above the taking back of the licenses. This is costing the American public time and money.

I can only hope for speedy action from the FCC.

Sincerely,

Harvey Leong

Copy to:

Vice President Gore
Wall Street Journal
New York Times